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DEPARTMENT OF COMMERCE

U.S. Census Bureau

Proposed Information Collection; Comment Request; Annual Survey of Entrepreneurs

AGENCY: U.S. Census Bureau, Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: To ensure consideration, written comments must be submitted on or before (INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER).

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue, NW, Washington, DC 20230 (or via the Internet at jjessup@doc.gov).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Patrice Norman, U.S. Census Bureau, EWD, 8K151, Washington, DC 20233-6600, (301) 763-7198, Patrice.C.Norman@census.gov.

SUPPLEMENTARY INFORMATION

I. Abstract

The Census Bureau is conducting the 2016 Annual Survey of Entrepreneurs (ASE). The ASE asks respondents of employer firms about the owner(s) and business characteristics, including questions on the gender, ethnicity, race, and veteran status of the principal owner(s). The 2016 ASE is conducted as a continuation of an annual collection of information on the characteristics of U.S. businesses and owners by gender, ethnicity, race, and veteran status. The survey is conducted jointly with the Ewing Marion Kauffman Foundation, a Missouri nonprofit corporation and a private foundation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, and the Minority Business Development Agency (MBDA) for reference years 2014, 2015 and 2016. The ASE supplements the five-year Survey of Business Owners (SBO) program and provides more timely updates on the status, nature, and scope of women-, minority-, and veteran-owned businesses. The ASE statistics are used by government program officials, industry organization leaders, economic and social analysts, and business entrepreneurs. Examples of data uses include:

- To assess business assistance needs and allocate available program resources
- To establish and evaluate contract procurement practices affecting small and disadvantaged businesses
- To create a framework for planning, directing, and assessing programs that promote the activities of disadvantaged groups
- To assess minority-owned businesses by industry and area and to educate industry associations, corporations, and government entities

- To analyze economic and demographic shifts and differences in ownership and performance among geographic areas
- To analyze business operations in comparison to similar firms, compute market share, and assess business growth and future prospects

The ASE consists of questions from the 2012 SBO (form SBO-1) with additional questions about sources of capital and financial barriers that are asked each survey year. The ASE is designed to ask a series of new questions each survey year based on a relevant business topic determined prior to data collection. Each year the new module of questions is submitted to the Office of Management and Budget (OMB) for approval. The module selected for the 2016 ASE focuses on business advice and planning. The 2016 ASE also includes additional questions on business financing relationships, owner demographics, and regulations. The Census Bureau is requesting approval to field the 2016 ASE in July 2017. The following module and additional questions will be added for the 2016 ASE:

- Number of Businesses Previously Owned – Prior to establishing, purchasing, or acquiring this business, how many previous businesses has Owner 1 owned? (Include self-employed businesses.)
 - ☐ 0
 - ☐ 1
 - ☐ 2
 - ☐ 3
 - ☐ 4
 - ☐ 5 or more
- Field of Highest Degree – Prior to establishing, purchasing, or acquiring this business, what was

the field of the highest degree completed for Owner 1? Select all that apply.

- ☐ Natural and Physical Sciences
- ☐ Law or Legal Studies
- ☐ Information Technology or Computer Science
- ☐ Mathematics, Economics, or Statistics
- ☐ Engineering and Related Technologies
- ☐ Architecture and Building
- ☐ Business or Finance
- ☐ Education
- ☐ Health, Medicine, or Pharmacy
- ☐ Social Sciences
- ☐ Humanities or Arts
- ☐ Agriculture, Environmental and Related
- ☐ Food, Hospitality, or Personal Services
- ☐ Other (Specify)
- ☐ No Bachelor's, Master's, Doctorate, or Professional Degree

- o **Business Banking Relationships** - In 2016, were this business's banking relationships with the same financial institutions as any of the owners' personal banking relationships? Banking relationships include business checking or savings accounts, credit cards, loans, etc. Select one

box only.

- ☐ All of the banking relationships were the same
- ☐ Some of the banking relationships were the same
- ☐ None of the banking relationships were the same – Skip to Outstanding Loans
- ☐ The owners had no business banking relationships – Skip to Outstanding Loans
- Banking Relationship Duration - How long were the owners' personal banking relationships in place before financial transactions were first conducted by this business? Select one box only.
 - ☐ 0 - 1 month
 - ☐ 2 - 5 months
 - ☐ 6 - 12 months
 - ☐ More than 12 months
- Outstanding Loans - In 2016, was this business required to provide collateral or loan guarantee for any outstanding loan the business obtained? Select one box only.
 - ☐ Business did not have an outstanding loan
 - ☐ Yes
 - ☐ No
 - ☐ Do not know
- Purchases on Account - In 2016, did this business make any purchases on account or using trade credits? Trade credits are invoice payment terms a business establishes with their suppliers allowing them to purchase goods or services now and at a later date.

☐ Yes

☐ No

- Negative Impact on Profitability - For 2016, did each of the following negatively impact the profitability of this business? Select one box in each row.

	Yes	No
Access to financial capital	<input type="checkbox"/>	<input type="checkbox"/>
Cost of financial capital	<input type="checkbox"/>	<input type="checkbox"/>
Finding qualified labor	<input type="checkbox"/>	<input type="checkbox"/>
Taxes	<input type="checkbox"/>	<input type="checkbox"/>
Government regulations (federal, state and/or local)	<input type="checkbox"/>	<input type="checkbox"/>
Slow business or lost sales	<input type="checkbox"/>	<input type="checkbox"/>
Customers or clients not making payments or paying late	<input type="checkbox"/>	<input type="checkbox"/>
The unpredictability of business conditions	<input type="checkbox"/>	<input type="checkbox"/>
Changes or updates in technology	<input type="checkbox"/>	<input type="checkbox"/>
Other (Specify)	<input type="checkbox"/>	<input type="checkbox"/>

- Impact on Regulations - For 2016, which impact did each of the following government regulations have on the business profitability? Select one box in each row.

Very	Somewhat	Neutral	Somewhat	Very	N/A
Negative	Negative		Positive	Positive	

Employee hiring

Workers' compensation

Occupational health and safety

Health insurance

Employment records

Business and professional licensing

Building and renovation permits

Business registration

Health permits and inspections

Environmental

Trade

Financial regulations

Other (Specify)

- Regulations and Starting or Acquiring the Business - What impact did regulations have on the ability to initially start or acquire this business?
 - ☐ Positive impact
 - ☐ Negative impact
 - ☐ No impact

☐ Do not know

- Regulations and Growth of the Business - During 2016, what impact did regulations have on expanding the business operations, such as by increasing production, adding locations, or attaining new customers?

☐ Positive impact

☐ Negative impact

☐ No impact

☐ Business did not plan to expand operations

☐ Do not know

- Reasons for Seeking Business Advice - During 2016, what was this business's primary reason for seeking paid or unpaid business advice or mentoring from others? Select all that apply.

☐ Business finances

☐ Employee relations (for example, hiring, workforce retention, employee performance/growth, employee separation)

☐ Management and day-to-day operations

☐ Product development and innovation

☐ Investment and access to capital

☐ Succession planning and exit strategy

☐ Increasing sales

- ☐ Reducing costs
- ☐ Taxes and accounting
- ☐ Regulatory compliance
- ☐ Technology/Information Technology
- ☐ Key performance indicators and business targets
- ☐ Copyrights, trademarks, and patents
- ☐ Did not seek advice/mentoring – Skip to Exit Strategy
- Providers of Business Advice - During 2016, from whom did this business seek the advice or mentoring selected in the ‘Reasons for Seeking Business Advice’ question? Select all that apply.
 - ☐ Family (Family refers to spouses, unmarried partners, parents/guardians, children, siblings, or close relatives.)
 - ☐ Friends
 - ☐ Professional colleagues
 - ☐ Employees
 - ☐ Professional consultants
 - ☐ Customers
 - ☐ Suppliers

☐ Government-supported technical assistance programs (for example, Small Business Administration (SBA), Small Business Development Center, Women's Business Center, or Minority Business Development Agency (MBDA) Business Center)

☐ Other (Specify)

- Outcome of Advice or Mentoring - During 2016, did the advice or mentoring selected in the 'Reasons for Seeking Business Advice' question lead to positive business outcomes or changes in business operations that are anticipated to be positive? delete quotes

☐ Yes

☐ No

- Exit Strategy - Which of the following best describes this business's current exit strategy for any of the owners? An exit strategy is a plan the business owners create to describe how they intend to exit the business and capture their investment. Select all that apply.

☐ Walk away from the business

☐ Liquidate or sell off assets and repay the business's liabilities

☐ Sell the business to employees or managers (for example, offer an Employee Stock Ownership Program (ESOP), management buyout, or employee buyout)

☐ Sell or merge the business with another firm

☐ Sell the business to another individual that is not an owner of the same business

☐ Sell or transfer ownership to another owner of the same business

☐ Sell or transfer ownership of the business to a family member(s) that is not an owner of the same business

- ☐ Prepare an Initial Public Offering (IPO)
- ☐ Other (Specify)
- ☐ Business does not currently have an exit strategy

The module selected for the 2014 ASE focused on business innovation and research and development (R&D) activity. The goal of the 2014 module was to identify new forms of innovation, identify characteristics of businesses that are innovators, and measure R&D activity conducted by entrepreneurs. The questions selected asked about process and product innovation, R&D costs, R&D funding, R&D purchases, and R&D employees. The questions were based on the Microbusiness Innovation Science and Technology Survey (MIST) conducted by the National Science Foundation's (NSF) National Center for Science and Engineering Statistics (NCSES). The 2014 ASE module was approved by OMB on September 4, 2015, and fielded in September 2015. Results from the 2014 ASE were published in September 2016.

The module selected for the 2015 ASE focused on business management practices. The goal of the 2015 module was to measure how management practices impact productivity and growth. The questions selected asked about the use of targets and key performance indicators, record-keeping, and personnel practices. Some questions on the 2015 ASE module were based on the Management and Organizational Practices Survey (MOPS) conducted by the Census Bureau. The 2015 ASE module was approved by OMB on June 1, 2016, and fielded in July 2016. Results from the 2015 ASE are tentatively scheduled to be published in July 2017.

Businesses which reported business activity on any one of the following Internal Revenue Service tax forms are eligible for selection: 1040 (Schedule C), "Profit or Loss from Business (Sole Proprietorship); 1065, "U.S. Return of Partnership Income"; 941, "Employer's Quarterly Federal Tax Return"; 944, "Employer's Annual Federal Tax Return"; or any one of the 1120 corporate tax forms. The ASE only requests responses from businesses filing the 941, 944, or 1120 tax forms. Estimates for businesses filing the 1040 or 1065 tax returns are created using

statistical modeling of administrative data and will only provide data by race, gender, ethnicity, and veteran status by geography, industry, and size of firm.

For the 2016 ASE, cognitive interviews were conducted under separate clearance with 15 to 20 businesses in two rounds. Round one interviews were conducted in October 2016, followed by round two in December 2016. The questionnaire and the interview protocol were updated for each round to reflect changes based on testing feedback. The 2016 ASE data collection period is planned for July 2017 through December 2017. Results of the 2016 ASE are tentatively scheduled to be published in July 2018.

In preparation for the 2017 SBO, the 2016 ASE will include a set of questions to test new content for a small subset of respondents. Approximately 2,900 respondents (one percent of the survey sample) will follow an alternate path of questions as a test for the 2017 SBO. The majority of respondents will follow the traditional survey path (the base ASE questions plus the module). The test respondents will also follow the traditional survey path and module, with the addition of six questions on ownership (noted below). The test path will provide more comprehensive information as input into the 2017 SBO content development. This method of testing will offer a much larger pool of respondents than cognitive testing alone would allow. The test path questions include:

- Ownership or Operation - In 2016, was this business owned or operated by spouses or unmarried partners?
 - ☐ Yes
 - ☐ No (skip to Family Ownership)
- Joint Ownership – In 2016, was this business jointly owned by spouses or unmarried partners?
 - ☐ Yes
 - ☐ No
- Equal Operation - In 2016, was this business equally operated by spouses or unmarried partners?
 - ☐ Yes
 - ☐ No, primarily operated by Owner 1 (autofill)

- ☐ No, primarily operated by Owner 2 (autofill)
- Family Ownership - In 2016, did two or more members of one family own more than 50% of this business? (Family refers to spouses, unmarried partners, parents/guardians, children, siblings or close relatives.)
 - ☐ Yes
 - ☐ No
- Number of Owners - In 2016, how many people owned this business?
 - *Do not combine two or more owners to create one owner.*
 - *Count spouses and partners as separate owners.*
 - ☐ 1 person
 - ☐ 2 people
 - ☐ 3 people
 - ☐ 4 people
 - ☐ 5-10 people
 - ☐ 11 or more people
 - ☐ Business is owned only by a parent company, estate, trust, or entity
 - ☐ Business is owned by a combination of individuals and parent companies, estates, trusts, or entities
- 10% or More Ownership - In 2016, did at least one person own 10% or more of this business? (Do not count parent companies, estates, trusts or other entities).
 - ☐ Yes
 - ☐ No – Select “No” ONLY if no person owned 10% or more of this business

II. Method of Collection

The Census Bureau uses a letter-only mail out with an electronic-only data collection for the ASE. The mail out will be conducted from the National Processing Center in Jeffersonville, Indiana. Two mail follow-ups to nonrespondents will be conducted at approximately one-month intervals. The second follow-up of the 2014 ASE included a certified mailing for all nonrespondents. The 2015 ASE included a certified mailing for only a selected group of nonrespondents based on their sampling frame; the other nonrespondents received a standard first-class follow-up mailing. The 2016 ASE collection strategy will be similar to the 2015 ASE. Select nonrespondents will receive a certified mailing for the second follow-up if needed.

III. Data

OMB Control Number: 0607-0986.

Form Number(s): ASE-L1 & ASE-L2, Annual Survey of Entrepreneurs initial letter and follow-up letter.

Type of Review: Regular submission.

Affected Public: Large and small employer businesses.

Estimated Number of Respondents: 290,000.

Estimated Time Per Response: 35 minutes.

Estimated Total Annual Burden Hours: 169,167.

Estimated Total Annual Cost to Public: \$0

Respondent's Obligation: Mandatory.

Legal Authority: Title 13, United States Code, Sections 8(b), 131 and, 182; Section 1(a)(3) of Executive Order 11625.

IV. Request for Comments

Comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Sheleen Dumas,

PRA Departmental Lead, Office of the Chief Information Officer.

BILLING CODE: 3510-07-P.

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